

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 IO-13 ISO-00 EB-08 STR-06 L-03
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FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 6058
INFO USMISSION GENEVA

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E.O. 11652: N/A
TAGS: ECIN, ETRD, CARICOM, GY
SUBJECT: CARICOM ORIGIN RULES

REF: A. STATE 005503 B. 77 GEORGETOWN 2723 C. 77 GEORGETOWN 3051

1. EMBASSY HAS OBTAINED ON CONFIDENTIAL BASIS FROM PRIVATE SOURCE A COPY OF PROPOSED CARICOM ORIGIN RULES AS DRAFTED BY THE SECRETARIAT. COPY BEING POUCHED TO THE DEPARTMENT.

2. REPORTEDLY, ONLY TWO MEMBER STATES, JAMAICA AND BARBADOS, HAVE RATIFIED THE NEW RULES. TRINIDAD HAS ISSUED A STATEMENT THAT IT WILL RATIFY. PRESS SOURCES INFORM US THAT BECAUSE THE JANUARY 1 "DEADLINE" FOR IMPLEMENTATION HAS PASSED, GUYANA, ALTHOUGH STILL IN FAVOR OF THE NEW RULES, IS DELAYING PARLIAMENTARY ACTION UNTIL AFTER THE COUNCIL OF MINISTERS MEETS IN FEBRUARY, WHEN THE COMMON MARKET ORIGIN ISSUE IS EXPECTED TO BE RAISED AGAIN. FOR THE TIME BEING, THE NEW RULES THEMSELVES ARE A DEAD LETTER, SINCE CONCERTED ACTION BY ALL MEMBERS IS REQUIRED UNDER THE TERMS OF THE AGREEMENT FOR RATIFICATION APPROVED BY THE LAST COUNCIL IN SEPTEMBER 1977. ACCORDING TO LOCAL BUSINESS SOURCES, CARIBBEAN LDCS ARE STILL CONCERNED THAT THE NEW RULES, ALTHOUGH DIFFERENTIATING BETWEEN LDCS AND MDCS DO NOT

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ADEQUATELY PROTECT THEIR SMALL REPROCESSING INDUSTRIES AND THUS HAVE BEEN RELUCTANT TO RATIFY.

3. CARICOM SECRETARIAT OFFICIALS HAVE INDICATED TO EMBASSY ECON OFFICER THAT INITIATIVE TO DEVELOP THE NEW RULES AROSE IN THE COUNCIL PURSUANT TO PROVISIONS IN THE TREATY OF GEORGETOWN. SECRETARIAT PERSONNEL AND

CERTAIN MEMBER STATES, PARTICULARLY GUYANA, CONCERNED WITH REGIONAL INTEGRATION AND WORRIED ABOUT MARKET PENETRATION BY "MULTINATIONALS", ARE OF THE OPINION THAT THE EXISTING VALUE ADDED SYSTEM, WITH ITS MANY "LOOPHOLES" VALUE OF (ITEMS ON THE BASIC MATERIALS LIST AND PROFITS MAY BE INFLATED AND COUNTED TOWARD SATISFYING VALUE ADDED REQUIREMENTS) IS DIFFICULT TO ADMINISTER AND HAS FAILED TO PROMOTE REGIONAL BACKWARD LINKAGES IN MANUFACTURING. HENCE, THE NEW RULES, WHILE RETAINING THE VALUE ADDED FEATURES OF THE PREVIOUS SYSTEM, SUPERIMPOSE PROCESSING CRITERIA FOR MANY MANUFACTURES AND A REGIONAL ORIGIN REQUIREMENT FOR MANY RAW MATERIALS, PARTICULARLY AGRICULTURAL PRODUCTS, WHICH ARE LATER PROCESSED. SPECIAL BUSINESS INTEREST GROUPS, PRIMARILY IN THE MDCS, APPEAR TO HAVE FAVORED THE NEW MEASURES AND HAVE NO DOUBT MADE THEIR VIEWS KNOWN TO THEIR GOVERNMENTS.
BURKE

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Message Attributes

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Disposition Approved on Date:
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